

Special Education Tuition/Purchased Services and Transits of Grants & Aid

June 25, 2019

Proper accounting of special education tuition and purchased services is important not only for meeting DPI's reporting requirements, but also for IDEA Maintenance of Effort. Specific requirements apply when a purchased service transaction is accompanied by a transit of federal grant or state aid funds.

Coding of Tuition & Purchased Services

Two basic rules apply to the coding of tuition and purchased services:

- Purchased services should be separated into instruction and support whenever possible.
- Purchased instructional services, including tuition, are coded to the appropriate 430000 function, not a 150000 function.
 - *Exception:* A non-employee providing personal consultation on the development or delivery of an IEP is coded to a 150000 function with object 310.

The following table summarizes most special education purchased service coding:

WUFAR Coding for Most Special Education Purchased Services		
	<i>Expenditure</i>	<i>Revenue</i>
Instructional Services		
Open Enrollment	27 E 435000 382	27 R 345
Personal IEP consultation	27 E 15xxxx 310	N/A
Any other instructional service		
District	27 E 436000 382	27 R 346
CESA	27 E 436000 386	27 R 546
CCDEB	27 E 436000 383	27 R 536
Private Agency	27 E 436000 370	27 R 247
Support Services		
Transportation		
District	27 E 2567xx 382	27 R 348
CESA	27 E 2567xx 386	27 R 548
CCDEB	27 E 2567xx 383	27 R 538
Private Agency		
Bus aide	27 E 2567xx 310	27 R 249
Pupil transportation	27 E 2567xx 341	27 R 249
Parent	27 E 2567xx 341	27 R 248
Any other support service		
District	27 E 2xxxxx 382	27 R 349
CESA	27 E 2xxxxx 386	27 R 549
CCDEB	27 E 2xxxxx 383	27 R 539
Private Agency	27 E 2xxxxx 3xx	N/A

Examples

- **District pays tuition for instructional services to a CCDEB with local funds.**

	<i>Account</i>	<i>Item</i>	<i>Entry</i>
DR	27 E 436000 383 019	SPED Contracted Instruction	DEBIT (+) for amount paid
CR	27 B 711000	Cash	CREDIT (-) for amount paid

- **District contracts with a private agency for licensed special education substitute teachers and aides.**

The cost of privately contracted, licensed substitute teachers and aides is eligible for categorical aid:

	<i>Account</i>	<i>Item</i>	<i>Entry</i>
DR	27 E 436000 370 011	SPED Contracted Instruction	DEBIT (+) for amount paid
CR	27 B 711000	Cash	CREDIT (-) for amount paid

- **District A has a 66.0301 agreement with District B to provide instructional, OT, and PT services.**

The final invoice should separate the OT and PT from instructional costs:

	<i>Account</i>	<i>Item</i>	<i>Entry</i>
DR	27 E 436000 382 019	SPED Contracted Instruction	DEBIT (+) for amount paid
DR	27 E 218100 382 019	Occupational Therapy from District	DEBIT (+) for amount paid
DR	27 E 218200 382 019	Physical Therapy from District	DEBIT (+) for amount paid
CR	27 B 711000	Cash	CREDIT (-) for amount paid

Transits of Grant and Aid Funds

By law, when a resident district pays tuition to another district, a “proportional share” of state or federal aid received by the district of service must be transited back to the resident district within 30 days of its receipt.¹ For reasons of equity and consistency in administering state special education categorical aids, DPI interprets this requirement to apply to all special education services purchased by aid-eligible LEAs.

Transits of grant and aid funds must be recorded in full rather than being “netted out” on an invoice for special education tuition or purchased services. DPI recommends paying an aid transit separately by check—rather than applying it to an invoice—as the clearest method to ensure proper accounting. However, districts and other agencies often apply a transit as a discount or credit on a final invoice. While this practice is allowed, the invoice must show the full cost of the service being billed and the transit of funds so both agencies can properly record the transaction. Recording only the net amount results in under-reporting of both LEAs’ expenditures and revenues. Accurate reporting of service payments and transits of grant and aid funds is required by state and federal laws.²

An LEA of service must transit any grant or aid funds owed to another LEA within 30 days of receipt, as shown on the DPI Aids Register. For IDEA and other grants and aids paid from individual claims, the 30-day requirement applies separately and individually to each claim. For Special Education and School-Age Parents Aid, or any other state or federal aid split into multiple, regular payments throughout the year,

¹ S. 121.76 (2) (c), Wis. Stats.

² SS. 115.28 (13) and 120.18, Wis. Stats.; 20 USC 1413 (a) (2); 20 CFR 76.722.

the 30-day period begins with the last payment of the year. Grant or aid funds intended to reimburse an expenditure may not be transited until the expenditure is actually incurred.

Examples

- **District pays a transit of state special education aid to another district.**

	<i>Account</i>	<i>Item</i>	<i>Entry</i>
DR	27 E 491000 936 019	State SPED Aid Transited to LEA	DEBIT (+) for amount paid
CR	27 B 711000	Cash	CREDIT (-) for amount paid

- **District receives a transit of state special education aid from CESA.**

	<i>Account</i>	<i>Item</i>	<i>Entry</i>
DR	27 B 711000	Cash	DEBIT (+) for amount received
CR	27 R 516	State SPED Aid Transited from CESA	CREDIT (+) for amount received

- **A district contracts with CESA to administer its IDEA flow-through funds. The contract provides that claims will be submitted quarterly, and that CESA’s administrative fee will be paid by the IDEA grant.**

Because IDEA funds are paid directly to districts, the administrative fee is recorded as a liability:

	<i>Account</i>	<i>Item</i>	<i>Entry</i>
DR	27 B 711000	Cash	DEBIT (+) for amount received
CR	27 R 730	Federal Special Project Grants	CREDIT (+) for amount received
DR	27 E 252000 386 341	Fiscal Services from CESA	DEBIT (+) for fee owed to CESA
CR	27 B 813000	Due to Other Governments	CREDIT (+) for fee owed to CESA

- **Last year, a student residing in District A came into District B under a tuition agreement using Method 2: Base Transfer Plus Actual Additional Cost. Their IEP specified the need for a one-on-one aide whose salary and benefits cost \$50,000. The aide was properly licensed and paid with local dollars; District B received Special Education and School Age-Parents Aid this year at 25 percent of last year’s costs. This year the student is continuing and the aide now costs \$51,000. This year’s basic open enrollment transfer amount is \$7,379.**

There are two transactions involved in this example: (1) District A is paying tuition for the current year and (2) District B transiting back this year’s aid on last year’s special education cost (the one-on-one aide). Although the tuition agreement they are using (Method 2: Base Transfer Plus Actual Additional Cost) is using the basic open enrollment transfer amount (\$7,379), it is being used outside the open enrollment program, so the non-open enrollment coding (functions 431000/436000 and sources 341/346) is used. Entries are straightforward if these are handled separately:

<i>District A sends a check for \$58,379 to pay tuition</i>							
<i>District A records</i>				<i>District B records</i>			
DR	10 E 431000 382	Base Tuition	7,379	DR	10 B 711000	Cash	7,379
DR	27 E 436000 382 019	SPED Tuition	51,000	DR	27 B 711000	Cash	51,000
CR	10 B 711000	Cash	7,379	CR	10 R 341	Base Tuition	7,379
CR	27 B 711000	Cash	51,000	CR	27 R 346	SPED Tuition	51,000

District B sends a check for \$12,500 ($\$50,000 \times 25\%$) for the transit of aid

District A records				District B records			
DR	27 B 711000	Cash	12,500	DR	27 E 491000 936 019	Aid Transit	12,500
CR	27 R 316	Aid Transit	12,500	CR	27 B 711000	Cash	12,500

However, District B's business manager would like to handle this in a single invoice:

DISTRICT B	
Bill to: DISTRICT A	
Item	Amount
Student X tuition for 2018-19	
Base (Fund 10) cost	7,379.00
Actual, additional special education (Fund 27) cost	51,000.00
Transit of 2018-19 SPED Aid for Student X in 2017-18	
$\$50,000 \times 25\%$	(12,500.00)
Net Due	45,879.00

District B records the invoice to include the full tuition revenue and aid transit expenditure:

	Account	Item	Entry		
DR	10 B 715000	Due from Other Governments	DEBIT	(+)	7,379
DR	27 B 715000	Due from Other Governments	DEBIT	(+)	38,500
DR	27 E 491000 936 019	Transit of State Special Education Aid	DEBIT	(+)	12,500
CR	10 R 341	General Base Cost Tuition	CREDIT	(+)	7,379
CR	27 R 346	Special Education Additional Tuition	CREDIT	(+)	51,000

District A cuts a check for the net due, \$44,135:

	Account	Item	Entry		
DR	10 E 431000 382	General Base Cost Tuition	DEBIT	(+)	7,379
DR	27 E 436000 382 019	Special Education Additional Tuition	DEBIT	(+)	51,000
CR	10 B 711000	Cash	CREDIT	(-)	7,379
CR	27 R 316	Transit of State Special Education Aid	CREDIT	(+)	12,500
CR	27 B 711000	Cash	CREDIT	(-)	38,500

District B receives and deposits the check, booking it against the receivable:

	Account	Item	Entry		
DR	10 B 711000	Cash	DEBIT	(+)	7,379
DR	27 B 711000	Cash	DEBIT	(+)	38,500
CR	10 B 715000	Due from Other Governments	CREDIT	(-)	7,379
CR	27 B 715000	Due from Other Governments	CREDIT	(-)	38,500

Updated 6/25/19 OE function & source codes; clarified "tuition agreement based upon the open enrollment method" to be Method 2: Base Transfer Plus Actual Additional Costs rlb

Updated 6/26/15 to include, "Grant or aid funds intended to reimburse an expenditure may not be transited until the expenditure is actually incurred" (p. 2, bottom).

Minor update 12/10/15 to include "Tuition" in titles.